

AMENDED IN SENATE AUGUST 15, 2013

SENATE BILL

No. 42

Introduced by Senator Wolk

December 11, 2012

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of ~~2012~~, 2009, relating to a ~~clean, secure water supply and Delta recovery~~ *safe drinking water, water quality, and flood protection* program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 42, as amended, Wolk. ~~The California Clean, Secure Water Supply and Delta Recovery Act of 2014. *Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.*~~

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the ~~California Clean, Secure Water Supply and Delta Recovery Safe Drinking Water, Water Quality, and Flood Protection~~ Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in ~~an unspecified~~ *the amount of \$5,600,000,000* pursuant to the State General Obligation Bond Law to finance a ~~clean, secure water supply and Sacramento-San Joaquin Delta recovery safe drinking water, water quality, and flood protection~~ program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code is repealed.

3 ~~SEC. 2. Division 26.7 (commencing with Section 79700) is~~
4 ~~added to the Water Code, to read:~~

5
6 ~~DIVISION 26.7. THE CALIFORNIA CLEAN, SECURE~~
7 ~~WATER SUPPLY AND DELTA RECOVERY ACT OF 2014~~
8

9 ~~CHAPTER 1. GENERAL PROVISIONS~~
10

11 ~~79700. This division shall be known and may be cited as the~~
12 ~~California Clean, Secure Water Supply and Delta Recovery Act~~
13 ~~of 2014.~~

14 ~~79702. The Legislature finds and declares all of the following:~~

15 ~~(a) Clean and secure water supplies are critical to sustaining~~
16 ~~California's communities, strengthening businesses, and preserving~~
17 ~~our state's strong agricultural heritage.~~

18 ~~(b) The Delta's agricultural heritage, water supply infrastructure,~~
19 ~~and ecological resources are vital to California's economy.~~

20 ~~(c) Immediate action is necessary to reverse the severe~~
21 ~~ecosystem decline of the Delta and to safeguard the communities,~~
22 ~~economy, and vital infrastructure of the Delta.~~

23 ~~(d) The security of critical state resources within the Delta relies~~
24 ~~upon the strength and integrity of the levee system.~~

1 ~~(e) Adequate flood protection is essential to protecting~~
2 ~~California's communities.~~

3 ~~(f) Frequent drought, polluted groundwater aquifers, aging water~~
4 ~~supply infrastructure, rising water treatment costs, inadequate flood~~
5 ~~protection, a changing climate, and watershed degradation, among~~
6 ~~other challenges, threaten California's ability to sustain and protect~~
7 ~~its communities, its businesses, and its farms.~~

8 ~~(g) Improved local, regional, and statewide water resource~~
9 ~~management ensures California communities are able to efficiently~~
10 ~~respond to drought and climate change.~~

11 ~~(h) Funds provided by this division shall not be expended for~~
12 ~~the design, construction, operation, or maintenance of Delta~~
13 ~~conveyance projects. These costs are the responsibility of the water~~
14 ~~agencies that benefit from those facilities.~~

15 ~~(i) Ecosystem restoration funds provided by this division shall~~
16 ~~not be expended for environmental mitigation measures except as~~
17 ~~part of the environmental mitigation costs associated with projects~~
18 ~~funded by this division.~~

19 ~~79704. The proceeds of bonds issued and sold pursuant to this~~
20 ~~division shall be deposited in the Clean, Secure Water Supply and~~
21 ~~Delta Recovery Program Fund, which is hereby created.~~

22 ~~79706. As used in this division, the following terms have the~~
23 ~~following meanings:~~

24 ~~(a) "Committee" means the Finance Committee created pursuant~~
25 ~~to Section 79774.~~

26 ~~(b) "Fund" means the Clean, Secure Water Supply and Delta~~
27 ~~Recovery Program Fund created pursuant to Section 79704.~~

28 ~~(c) "Delta" means the Sacramento-San Joaquin Delta.~~

29
30 CHAPTER 2. DELTA SECURITY AND RECOVERY

31
32 ~~79710. (a) This chapter provides state funding for public~~
33 ~~benefit projects that assist in recovering and safeguarding the~~
34 ~~Delta's resources including agriculture, water quality, water supply,~~
35 ~~recreation, fish, and wildlife.~~

36 ~~(b) The sum of _____ dollars (\$_____) shall be available, upon~~
37 ~~appropriation by the Legislature, to the Sacramento-San Joaquin~~
38 ~~Delta Conservancy for grants and direct expenditures to help ensure~~
39 ~~economic sustainability, Delta levee integrity, water quality~~
40 ~~improvements, local water supply reliability, protection of critical~~

1 infrastructure, and terrestrial and aquatic ecosystem restoration
2 within the Delta and the Suisun Marsh.

3 (e) For purposes of implementing this chapter, the
4 Sacramento-San Joaquin Delta Conservancy shall take into
5 consideration the economic sustainability plan developed by the
6 Delta Protection Commission pursuant to Section 29759 of the
7 Public Resources Code and the Delta Plan developed by the Delta
8 Stewardship Council pursuant to Section 85300.

9
10 CHAPTER 3. REGIONAL WATER SUPPLY SECURITY

11
12 79720. The sum of _____ dollars (\$_____) shall be available,
13 upon appropriation by the Legislature, for projects that help achieve
14 local and regional water management objectives, including, but
15 not limited to, improved drinking water supplies, water quality,
16 water treatment, municipal and agricultural water efficiency,
17 reduced reliance on the Delta, climate change resiliency, and
18 watershed ecosystem stewardship. Projects shall implement
19 adopted integrated regional water management plans in accordance
20 with Part 2.2 (commencing with Section 10530) of Division 6.

21 79722. From the funds described in Section 79720, at least
22 _____ dollars (\$_____) shall be available for water recycling and
23 advanced treatment technology projects that improve regional
24 water quality or regional water supply.

25 79724. From the funds described in Section 79720, at least
26 _____ dollars (\$_____) shall be available for groundwater
27 management projects that prevent or reduce the contamination of
28 groundwater that serves as a source of drinking water.

29
30 CHAPTER 4. CLEAN DRINKING WATER

31
32 79730. The sum of _____ dollars (\$_____) shall be available,
33 upon appropriation by the Legislature, for projects that help ensure
34 access to clean, safe, and affordable drinking water for California's
35 communities. Eligible expenditures include, but are not limited
36 to, projects that address the critical and immediate needs of
37 disadvantaged, rural, or small communities and projects that
38 leverage state and federal drinking water quality and wastewater
39 treatment funds.

1 ~~CHAPTER 5. PROTECTION OF RIVERS, LAKES, AND WATERSHEDS~~

2
3 ~~79740. The sum of _____ dollars (\$_____) shall be available,~~
4 ~~upon appropriation by the Legislature, to the Wildlife Conservation~~
5 ~~Board for projects that protect and restore natural hydrologic and~~
6 ~~ecological systems in watersheds that serve as sources of drinking~~
7 ~~water.~~

8 ~~79742. Prior to the expenditure of funds appropriated pursuant~~
9 ~~to Section 79740, the Wildlife Conservation Board, in coordination~~
10 ~~with state conservancies and the Natural Resources Agency, shall~~
11 ~~develop an expenditure plan to guide the expenditure of funds.~~
12 ~~The expenditure plan shall recognize and address regional and~~
13 ~~statewide watershed protection and restoration priorities. Projects~~
14 ~~funded by this chapter shall be selected through a competitive~~
15 ~~process.~~

16
17 ~~CHAPTER 6. STATEWIDE WATER SUPPLY IMPROVEMENTS~~

18
19 ~~79750. The sum of _____ dollars (\$_____) shall be available,~~
20 ~~upon appropriation by the Legislature, for public benefits~~
21 ~~associated with water storage and delivery projects that advance~~
22 ~~adopted state water policies. Priority shall be given to the~~
23 ~~construction, rehabilitation, or expansion of facilities that enable~~
24 ~~reduced reliance on Delta exports during ecologically sensitive~~
25 ~~periods, as well as projects that reoperate existing facilities to~~
26 ~~maximize water supply or ecosystem benefits. Public benefits~~
27 ~~eligible for funding under this section are limited to ecosystem~~
28 ~~restoration, water quality improvements, and flood protection.~~
29 ~~Projects funded by this chapter shall be selected through a~~
30 ~~competitive process.~~

31
32 ~~CHAPTER 7. FLOOD PROTECTION~~

33
34 ~~79760. The sum of _____ dollars (\$_____) shall be available,~~
35 ~~upon appropriation by the Legislature, to the Department of Water~~
36 ~~Resources for projects that support integrated flood management~~
37 ~~in the Sacramento and San Joaquin Valleys, in accordance with~~
38 ~~the Central Valley Flood Protection Plan described in Section~~
39 ~~9612.~~

CHAPTER 8. FISCAL PROVISIONS

~~79770. Bonds in the total amount of _____ dollars (\$ _____), or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.~~

~~79772. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except Section 16727 of the Government Code shall not apply to the extent that it is inconsistent with any other provision of this division.~~

~~79774. (a) Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) of the bonds authorized by this division, the California Clean, Secure Water Supply and Delta Recovery Finance Committee is hereby created. For purposes of this division, the California Clean, Secure Water Supply and Delta Recovery Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary of the Natural Resources Agency, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.~~

~~(b) For purposes of the State General Obligation Bond Law, the Department of Water Resources is designated the “board.”~~

~~79776. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this~~

1 division in order to carry out the actions specified in this division
2 and, if so, the amount of bonds to be issued and sold. Successive
3 issues of bonds may be authorized and sold to carry out those
4 actions progressively, and it is not necessary that all of the bonds
5 authorized to be issued be sold at any one time.

6 ~~79778. There shall be collected each year and in the same~~
7 ~~manner and at the same time as other state revenue is collected,~~
8 ~~in addition to the ordinary revenues of the state, a sum in an amount~~
9 ~~required to pay the principal of, and interest on, the bonds each~~
10 ~~year. It is the duty of all officers charged by law with any duty in~~
11 ~~regard to the collection of the revenue to do and perform each and~~
12 ~~every act that is necessary to collect that additional sum.~~

13 ~~79780. Notwithstanding Section 13340 of the Government~~
14 ~~Code, there is hereby appropriated from the General Fund in the~~
15 ~~State Treasury, for the purposes of this division, an amount that~~
16 ~~will equal the total of the following:~~

17 ~~(a) The sum annually necessary to pay the principal of, and~~
18 ~~interest on, bonds issued and sold pursuant to this division, as the~~
19 ~~principal and interest become due and payable.~~

20 ~~(b) The sum necessary to carry out Section 79782, appropriated~~
21 ~~without regard to fiscal years.~~

22 ~~79782. For the purposes of carrying out this division, the~~
23 ~~Director of Finance may authorize the withdrawal from the General~~
24 ~~Fund of an amount not to exceed the amount of the unsold bonds~~
25 ~~that have been authorized by the committee to be sold for the~~
26 ~~purpose of carrying out this division. Any amounts withdrawn~~
27 ~~shall be deposited in the fund. Any money made available under~~
28 ~~this section shall be returned to the General Fund from proceeds~~
29 ~~received from the sale of bonds for the purpose of carrying out~~
30 ~~this division.~~

31 ~~79784. All money deposited in the fund that is derived from~~
32 ~~premium and accrued interest on bonds sold shall be reserved in~~
33 ~~the fund and shall be available for transfer to the General Fund as~~
34 ~~a credit to expenditures for bond interest.~~

35 ~~79786. Pursuant to Chapter 4 (commencing with Section~~
36 ~~16720) of Part 3 of Division 4 of Title 2 of the Government Code,~~
37 ~~the cost of bond issuance shall be paid out of the bond proceeds.~~
38 ~~These costs shall be shared proportionally by each program funded~~
39 ~~through this bond act.~~

~~79788. The Department of Water Resources may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this division. The Department of Water Resources shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this division.~~

~~79790. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.~~

~~79792. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.~~

~~79794. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of~~

1 ~~these proceeds is not subject to the limitations imposed by that~~
2 ~~article.~~

3 *SEC. 2. Division 26.7 (commencing with Section 79700) is*
4 *added to the Water Code, to read:*

5
6 *DIVISION 26.7. THE SAFE DRINKING WATER, WATER*
7 *QUALITY, AND FLOOD PROTECTION ACT OF 2014*

8
9 *CHAPTER 1. SHORT TITLE*

10
11 *79700. This division shall be known and may be cited as the*
12 *Safe Drinking Water, Water Quality, and Flood Protection Act of*
13 *2014.*

14
15 *CHAPTER 2. DEFINITIONS*

16
17 *79710. Unless the context otherwise requires, the definitions*
18 *set forth in this section govern the construction of this division, as*
19 *follows:*

- 20 (a) *“Commission” means the California Water Commission.*
21 (b) *“Committee” means the Safe Drinking Water, Water Quality,*
22 *and Flood Protection Finance Committee created by Section*
23 *79824.*
24 (c) *“Delta” means the Sacramento-San Joaquin Delta as defined*
25 *in Section 12220.*
26 (d) *“Department” means the Department of Water Resources.*
27 (e) *“Director” means the Director of Water Resources.*
28 (f) *“Disadvantaged community” has the same meaning as set*
29 *forth in subdivision (a) of Section 79505.5.*
30 (g) *“Fund” means the Safe Drinking Water, Water Quality, and*
31 *Flood Protection Fund of 2014 created by Section 79770.*
32 (h) *“Integrated regional water management plan” means a*
33 *comprehensive plan for a defined geographic area that meets the*
34 *requirements of Part 2.2 (commencing with Section 10530) of*
35 *Division 6, as that part may be amended.*
36 (i) *“Nonprofit organization” means an organization qualified*
37 *to do business in California and qualified under Section 501(c)(3)*
38 *of Title 26 of the United States Code.*

(j) “Public agency” means a state agency or department, public water system, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(k) “Secretary” means the Secretary of the Natural Resources Agency.

(l) “State board” means the State Water Resources Control Board.

(m) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 3. SAFE DRINKING WATER PROJECTS

79720. (a) It is the intent of the Legislature that this chapter provide funds to address the most critical water needs of the state, including the provision of safe drinking water to all Californians and the improvement of safe drinking water supply reliability.

(b) The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available for the purposes of this chapter.

79722. From the funds described in Section 79720, five hundred million dollars (\$500,000,000) shall be available to the state board for projects to address immediate safe drinking water needs as follows:

(a) The sum of one hundred million dollars (\$100,000,000) shall be available for grants and direct expenditures to finance public health emergencies and urgent actions to ensure that safe drinking water supplies are available to all Californians. Eligible projects include, but are not limited to, the following:

(1) Providing interim water supplies, including, but not limited to, bottled water, where necessary to protect public health.

(2) Improvements in existing water systems necessary to identify, plan, design, and construct projects that will provide safe, reliable, accessible, and affordable drinking water, provide other sources of safe drinking water, including, but not limited to, replacement wells, and prevent contamination.

(3) Establishing connections to an adjacent water system.

(4) Design, purchase, installation, and initial operating costs for water treatment equipment and systems.

1 ***(b) The sum of four hundred million dollars (\$400,000,000)***
2 ***shall be available for grants for public water system infrastructure***
3 ***improvements and related actions to meet safe drinking water***
4 ***standards and ensure affordable drinking water. Priority shall be***
5 ***given to projects that serve small disadvantaged communities and***
6 ***to projects that address chemical and nitrate contaminants and***
7 ***other health hazards identified by the state board. Eligible***
8 ***recipients serve disadvantaged communities and are public***
9 ***agencies or incorporated mutual water companies. The state board***
10 ***may make grants for the purpose of financing feasibility studies***
11 ***and to meet the eligibility requirements for a construction grant.***
12 ***Priority will be given to projects that provide shared solutions for***
13 ***multiple communities, at least one of which is a disadvantaged***
14 ***community that lacks safe, affordable drinking water. Construction***
15 ***grants shall be limited to five million dollars (\$5,000,000) per***
16 ***project, except that the state board may set a limit of not more***
17 ***than 20 million dollars (\$20,000,000) for projects that provide***
18 ***regional or shared solutions among multiple entities, at least one***
19 ***of which is a small disadvantaged community. Not more than 25***
20 ***percent of a grant may be awarded in advance of actual***
21 ***expenditures.***

22 ***(c) The state board may expend up to twenty-five million dollars***
23 ***(\$25,000,000) of the funds allocated in subdivision (b) for technical***
24 ***assistance to eligible communities.***

25 ***(d) At least 10 percent of the funds available pursuant to this***
26 ***section shall be allocated for projects serving severely***
27 ***disadvantaged communities.***

28 ***79724. (a) From the funds described in Section 79720, one***
29 ***billion dollars (\$1,000,000,000) shall be available to the***
30 ***department for allocation to regions pursuant to Section 79726***
31 ***for projects that implement an adopted integrated regional water***
32 ***management plan consistent with Part 2.2 (commencing with***
33 ***Section 10530) of Division 6, as that part may be amended, and***
34 ***improve the quality or supply of safe drinking water, reduce the***
35 ***amount of water imported to the region, or address any of the***
36 ***following other critical water supply reliability issues:***

37 ***(1) Groundwater clean up or pollution prevention in sources***
38 ***of drinking water.***

39 ***(2) Advanced water treatment technology projects to remove***
40 ***contaminants from drinking water, water recycling, and related***

1 projects, such as distribution or groundwater recharge
2 infrastructure.

3 (3) Urban and agricultural water conservation and water use
4 efficiency projects.

5 (4) Other integrated water infrastructure projects that address
6 one or more water management activities and improve the
7 reliability or quality of regional water supplies.

8 (b) Projects funded pursuant to this section shall require a local
9 match of not less than 50 percent of project costs, except the
10 department may suspend or reduce cost share requirements for
11 projects serving disadvantaged communities or that result in a
12 direct reduction in water imported from the Delta.

13 (c) To be eligible for funding under this section, a region shall
14 comply with the following requirements:

15 (1) Have an adopted integrated regional water management
16 plan approved by the department.

17 (2) Each urban and agricultural water supplier that would
18 benefit from a project shall adopt and submit an urban or
19 agricultural water management plan in accordance with the Urban
20 Water Management Planning Act or the Agricultural Water
21 Management Planning Act. That urban or agricultural water
22 management plan shall be approved by the department as meeting
23 the requirements of Sections 10608.56 and 10631.5.

24 (3) Have a groundwater management plan for each major
25 groundwater basin that meets the requirements of Part 2.75
26 (commencing with Section 10750) of Division 6.

27 (4) Have a water budget that describes local and imported water
28 supplies and uses in sufficient detail to inform long-term efforts
29 towards sustainable water management, and, where applicable,
30 include a description of any measures anticipated to reduce the
31 amount of water imported to the region in the future.

32 (5) Where applicable, an integrated water management plan
33 shall be consistent with and implement Section 85021.

34 (d) Where applicable, funding pursuant to this section shall be
35 made available to water agencies to assist in directly reducing the
36 amount of water imported from the Delta.

37 79726. Funds available pursuant to Section 79724 shall be
38 allocated to each hydrologic region identified for purposes of
39 integrated regional water management planning by the department

1 based 75 percent on population and 25 percent on geographical
2 size of the region.

3 79728. From the funds described in Section 79724, one hundred
4 million dollars (\$100,000,000) shall be available for grants by the
5 department for the development and implementation of innovative
6 projects to advance sustainable water management.

7
8 CHAPTER 4. WATER QUALITY AND WATERSHED PROTECTION
9 PROJECTS
10

11 79730. (a) It is the intent of the Legislature that this chapter
12 provide funds to protect water quality in the rivers, lakes, streams,
13 and coastal waters of the state, to assist in meeting the Federal
14 Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and
15 other state and federal requirements for the protection of water
16 quality, public health, and endangered species, and to protect or
17 restore natural systems that contribute to water supply, water
18 quality, or flood management.

19 (b) The sum of one billion eight hundred million dollars
20 (\$1,800,000,000) shall be available for the purposes of this
21 chapter.

22 79732. (a) From the funds described in Section 79730, four
23 hundred million dollars (\$400,000,000) shall be available to the
24 state board for deposit in the Small Communities Grant Subaccount
25 for grants for wastewater treatment projects to keep contaminants
26 out of rivers, lakes, streams, groundwater, and coastal waters,
27 and for other projects to protect the public and fish and wildlife
28 from contaminated sources of water. Priority shall be given to
29 projects that serve disadvantaged communities and severely
30 disadvantaged communities, and to projects that address public
31 health hazards. Special consideration shall be given to small
32 communities with limited financial resources. Projects shall
33 include, but not be limited to, projects that identify, plan, design,
34 and implement regional mechanisms to consolidate wastewater
35 systems or provide affordable treatment technologies.

36 (b) From the funds available pursuant to subdivision (a), ten
37 million dollars (\$10,000,000) shall be allocated to the state board
38 for deposit into the Private Well and Septic Systems Investment
39 Fund, which is hereby created in the State Treasury. Moneys in
40 the fund shall be available, upon appropriation by the Legislature,

1 *for the purpose of addressing the needs of private well and septic*
2 *owners.*

3 *79734. From the funds described in Section 79730, nine*
4 *hundred million dollars (\$900,000,000) shall be available for*
5 *water quality and watershed protection projects of statewide*
6 *significance as follows:*

7 *(a) The sum of six hundred million dollars (\$600,000,000) shall*
8 *be available to the Delta Conservancy for water quality, ecosystem*
9 *restoration, and community sustainability projects that benefit the*
10 *Delta, including, but not limited to, the following:*

11 *(1) Projects to improve water quality facilities or projects that*
12 *contribute to improvements in water quality in the Delta.*

13 *(2) Habitat restoration projects to improve the condition of*
14 *special status, at risk, endangered, or threatened species in the*
15 *Delta and the Delta counties, including projects to eradicate*
16 *invasive species, and projects that support the beneficial reuse of*
17 *dredged material for habitat restoration and levee improvements.*

18 *(3) Projects to assist in preserving economically viable and*
19 *sustainable agriculture and other economic activities in the Delta,*
20 *including projects to mitigate the economic and community impacts*
21 *of any conversion of agricultural land to habitat funded by this*
22 *section.*

23 *(4) Multibenefit recycled water projects that improve*
24 *groundwater management and Delta tributary ecosystems.*

25 *(b) The sum of three hundred million dollars (\$300,000,000)*
26 *shall be available to the Natural Resources Agency, the Wildlife*
27 *Conservation Board, or to state conservancies, for water quality,*
28 *river, and watershed protection and restoration projects of*
29 *statewide importance outside of the Delta. Eligible projects include*
30 *those that reduce pollution or contamination of major water bodies*
31 *of the state, assist in the protection or recovery of endangered or*
32 *threatened species, or protect or restore natural system functions*
33 *that contribute to water supply, water quality, or flood*
34 *management.*

35 *79736. From the funds described in Section 79730, five hundred*
36 *million dollars (\$500,000,000) shall be available for regional*
37 *watershed protection and water quality projects outside the Delta*
38 *pursuant to Section 79738. Eligible projects include those that*
39 *reduce pollution or contamination of rivers, lakes, streams, or*
40 *coastal waters, including prevention and remediation of mercury*

1 *contamination from legacy mines, assist in the protection or*
2 *recovery of endangered or threatened species, or protect or restore*
3 *natural system functions that contribute to water supply, water*
4 *quality, or flood management.*

5 *79738. Funds available pursuant to Section 79736 shall be*
6 *allocated to each hydrologic region identified for purposes of*
7 *integrated regional water management planning by the department*
8 *based on the geographic size and population of the region, giving*
9 *equal weight to each factor. These funds shall be available to state*
10 *conservancies operating within the region or, for areas in which*
11 *no state conservancy operates, to the Wildlife Conservation Board*
12 *for grants or for direct expenditures consistent with the purposes*
13 *of this chapter and consistent with the conservation plans*
14 *developed pursuant to Section 79740.*

15 *79740. The Natural Resources Agency shall develop and adopt*
16 *a statewide resource protection plan to identify priorities for*
17 *expending funds provided in subdivision (b) of Section 79734 that*
18 *includes priorities for the State Coastal Conservancy and the*
19 *Wildlife Conservation Board. Conservation plans developed and*
20 *adopted by state conservancies shall be consistent with statewide*
21 *priorities adopted by the Natural Resources Agency and shall*
22 *govern the expenditure of funds available pursuant to Section*
23 *79736.*

24
25 *CHAPTER 5. FLOOD CONTROL AND STORMWATER MANAGEMENT*
26

27 *79750. (a) It is the intent of the Legislature that this chapter*
28 *provide funds for disaster preparedness, flood control, and*
29 *stormwater management in a manner that leverages the maximum*
30 *amount of federal and local matching funds and that prioritizes*
31 *project selection and encourages multibenefit project design to*
32 *achieve the maximum public benefits.*

33 *(b) The sum of one billion three hundred million dollars*
34 *(\$1,300,000,000) shall be available for the purposes of this*
35 *chapter.*

36 *79752. From the funds described in Section 79750, five hundred*
37 *million (\$500,000,000) shall be available to the department to*
38 *implement the Central Valley Flood Protection Plan, including*
39 *the following:*

1 (a) The evaluation, repair, rehabilitation, or replacement of
2 levees, weirs, bypasses, or other facilities. Projects of the Central
3 Valley Flood Protection Plan shall be designed for multiple
4 benefits, wherever feasible, in order to maximize water supply,
5 water quality, and ecosystem benefits. Investments necessary to
6 achieve multiple benefits shall be eligible expenditures. The
7 department shall develop and implement mitigation through
8 regional advance mitigation plans, wherever feasible, to lower the
9 cost, decrease delay, and improve the conservation benefits of
10 mitigation.

11 (b) Increasing the level of flood protection of urban and
12 urbanizing areas including state participation in federal and state
13 authorized flood control projects, feasibility studies, design of
14 federal flood damage reduction, and related projects, and reservoir
15 reoperation and groundwater flood storage projects that improve
16 flood protection.

17 79754. From the funds described in Section 79750, four
18 hundred million dollars (\$400,000,000) shall be available to the
19 state board for competitive grants and loans for stormwater
20 management projects pursuant to this section.

21 (a) Eligible projects shall assist in compliance with total
22 maximum daily load implementation plans and be consistent with
23 all applicable waste discharge requirements.

24 (b) Eligible projects are facilities and infrastructure to reduce,
25 manage, treat, and capture for water supply stormwater, and urban
26 runoff, including, but not limited to:

27 (1) Detention and retention basins.

28 (2) Dry weather diversion facilities, trash filters, and screens.

29 (3) Treatment wetlands creation and enhancement.

30 (4) Stormwater runoff reduction projects, including permeable
31 surface installation, cisterns, and collection and treatment facilities
32 for groundwater recharge.

33 (5) Other stormwater management infrastructure for low-impact
34 development.

35 (c) The state board shall require not less than a 50-percent local
36 cost share for grant funds, but may suspend or reduce the matching
37 requirements for disadvantaged communities.

38 (d) The state board shall award grants on a competitive basis
39 considering the following criteria:

1 (1) *Water quality benefits of the project, such as the project's*
2 *ability to reduce impairment of the receiving water body.*

3 (2) *Cost-effectiveness.*

4 (3) *Public health benefits of the project.*

5 (4) *Flood management benefits.*

6 (5) *Water supply benefits.*

7 (6) *Demonstrated contribution to reducing reliance on imported*
8 *water.*

9 (e) *Eligible recipients shall be local public agencies.*

10 (f) *Eligible projects must be outside of the area of the Central*
11 *Valley Flood Protection Plan.*

12 79756. *Notwithstanding Section 79754, fifty million dollars*
13 *(\$50,000,000) shall be available to the Department of Conservation*
14 *from the funds described in Section 79754 for competitive grants*
15 *for resource conservation districts and other qualified nonprofit*
16 *organizations for projects that reduce or manage runoff from*
17 *irrigated agricultural lands for the benefit of surface and*
18 *groundwater quality.*

19 79758. *From the funds described in Section 79750, four*
20 *hundred million dollars (\$400,000,000) shall be available to reduce*
21 *the risk of levee failure and flood in the Delta for any of the*
22 *following:*

23 (a) *Local assistance under the Delta levee maintenance*
24 *subventions program under Part 9 (commencing with Section*
25 *12980) of Division 6, as that part may be amended.*

26 (b) *Special flood protection projects under Chapter 2*
27 *(commencing with Section 12310) of Part 4.8 of Division 6, as*
28 *that chapter may be amended.*

29 (c) *Levee improvement projects that increase the resiliency of*
30 *levees within the Delta to withstand earthquake, flooding, or sea*
31 *level rise.*

32 (d) *Emergency response and repair projects.*

33
34 *CHAPTER 6. WATER SYSTEM OPERATIONAL IMPROVEMENTS*
35

36 79760. *The sum of one billion dollars (\$1,000,000,000) shall*
37 *be available to the commission for water system operational*
38 *improvements that meet the requirements of this section, including*
39 *all of the following:*

1 (a) Projects shall be selected by the commission through a
2 competitive public process that ranks projects based on the
3 expected public benefits received for public investment.

4 (b) Eligible projects consist only of the following:

5 (1) Surface storage projects identified in the CALFED Bay-Delta
6 Programmatic Record of Decision, dated August 28, 2000, except
7 that projects at Lake Shasta shall not be eligible.

8 (2) Groundwater storage projects and groundwater
9 contamination prevention or remediation projects that augment
10 groundwater supplies, and improve the long term sustainability
11 of groundwater resources, including reducing overdraft.

12 (3) Conjunctive use and reservoir reoperation projects including
13 associated infrastructure.

14 (4) Projects that restore the capacity of reservoirs currently
15 impaired by sediment buildup or other impairment.

16 (5) Projects that result in a permanent reduction of water
17 exported from the Delta and a transfer of the equivalent water
18 right to in-stream flow pursuant to Section 1707. Priority shall be
19 given to projects that also result in the permanent elimination of
20 irrigation runoff contributing to salinity in the San Joaquin Valley.

21 (6) Recycled water storage facilities.

22 (c) A project shall not be funded unless it provides measurable
23 improvements to the Delta ecosystem.

24 (d) Funds allocated pursuant to this section may be expended
25 solely for the following public benefits:

26 (1) Ecosystem improvements, including, but not limited to,
27 changing timing of diversions, improvement in flow conditions,
28 temperature, or other benefits that contribute to restoration of
29 aquatic ecosystems and native fish and wildlife.

30 (2) Water quality improvements in the Delta or in other river
31 systems that provide significant public trust resources or that clean
32 up and restore groundwater resources.

33 (3) Flood control benefits, including, but not limited to,
34 increases in flood reservation space in existing reservoirs by
35 exchange for existing or increased water storage benefits.

36 (e) The commission, in consultation with the Department of
37 Fish and Wildlife, the state board, and the department, shall
38 develop and adopt, by regulation, methods for quantification and
39 management of public benefits. The regulations shall include
40 priorities and relative environmental value of ecosystem benefits

1 *provided by the Department of Fish and Wildlife and the priorities*
2 *and relative environmental value of water quality benefits as*
3 *provided by the state board.*

4 *(f) Funds shall not be expended pursuant to this chapter for the*
5 *costs of environmental mitigation measures or compliance*
6 *obligations except for those associated with providing the public*
7 *benefits as described in subdivision (d).*

8 *79762. No funds available pursuant to Section 79760 may be*
9 *allocated to a project until the commission approves the project*
10 *based on the following determinations:*

11 *(a) The commission has adopted the regulations specified in*
12 *Section 79760 and specifically quantified and made public the cost*
13 *of the public benefits associated with the project.*

14 *(b) The department has entered into a contract with each party*
15 *that will derive benefits, other than public benefits, from the project*
16 *that ensures the party will pay its share of the total costs of the*
17 *project. The benefits available to a party shall be consistent with*
18 *that party's share of total project costs.*

19 *(c) The department has entered into a contract with the*
20 *Department of Fish and Wildlife and the state board, after those*
21 *agencies have made a finding that the public benefits of the project*
22 *for which that agency is responsible meet all the requirements of*
23 *this chapter, to ensure that public contributions of funds pursuant*
24 *to this chapter achieve the public benefits identified for the project.*

25 *(d) The commission has held a public hearing for the purposes*
26 *of providing an opportunity for the public to review and comment*
27 *on the information required to be prepared pursuant to this section.*

28 *(e) All of the following conditions are met:*

29 *(1) Feasibility studies have been completed.*

30 *(2) The commission has found and determined that the project*
31 *is feasible, is consistent with all applicable laws and regulations,*
32 *and will advance the long-term objectives of restoring ecological*
33 *health and improving water management, including the beneficial*
34 *uses of the Delta.*

35 *(3) All environmental documentation has been completed and*
36 *all other federal, state, and local approvals, certifications, and*
37 *agreements required to be completed have been obtained.*

38 *(f) The commission shall submit to the fiscal committees and*
39 *the appropriate policy committees of the Legislature its findings*

1 *for each criteria identified in this section for any project funded*
2 *pursuant to this chapter.*

3 79764. (a) *The public benefit cost share of a project funded*
4 *pursuant to this chapter may not exceed 50 percent of the total*
5 *cost of the project.*

6 (b) *No project may be funded unless it provides ecosystem*
7 *improvements that are at least 50 percent of the public benefits of*
8 *the project funded under this chapter.*

9
10 *CHAPTER 7. GENERAL PROVISIONS*
11

12 79770. *The proceeds of bonds issued and sold pursuant to this*
13 *division shall be deposited in the Safe Drinking Water, Water*
14 *Quality, and Flood Protection Fund of 2014, which is hereby*
15 *created in the State Treasury. Moneys in the fund shall be*
16 *available, upon appropriation by the Legislature, in the manner*
17 *and for the purposes set forth in this division.*

18 79772. *An amount that equals not more than 5 percent of the*
19 *funds allocated for a program pursuant to this division may be*
20 *used to pay the administrative costs of that program.*

21 79774. *Up to 10 percent of funds allocated for each program*
22 *funded by this division may be used to finance planning and*
23 *monitoring necessary for the successful design, selection, and*
24 *implementation of the projects authorized under that program.*
25 *This section shall not otherwise restrict funds ordinarily used by*
26 *an agency for “preliminary plans,” “working drawings,” and*
27 *“construction” as defined in the annual Budget Act for a capital*
28 *outlay project or grant project. Water quality monitoring shall be*
29 *integrated into the surface water ambient monitoring program*
30 *administered by the state board.*

31 79776. *Chapter 3.5 (commencing with Section 11340) of Part*
32 *1 of Division 3 of Title 2 of the Government Code does not apply*
33 *to the development or implementation of programs or projects*
34 *authorized or funded under this division other than Chapter 6*
35 *(commencing with Section 79760).*

36 79778. (a) *Prior to disbursing grants pursuant to this division,*
37 *each state agency that is required to administer a competitive*
38 *grant program under this division shall develop project solicitation*
39 *and evaluation guidelines. The guidelines may include a limitation*
40 *on the dollar amount of grants to be awarded.*

1 (b) Prior to disbursing grants, the state agency shall conduct
2 three public meetings to consider public comments prior to
3 finalizing the guidelines. The state agency shall publish the draft
4 solicitation and evaluation guidelines on its Internet Web site at
5 least 30 days before the public meetings. One meeting shall be
6 conducted at a location in northern California, one meeting shall
7 be conducted at a location in the central valley of California, and
8 one meeting shall be conducted at a location in southern
9 California. Upon adoption, the state agency shall transmit copies
10 of the guidelines to the fiscal committees and the appropriate policy
11 committees of the Legislature.

12 (c) Projects funded with proceeds from this division shall
13 promote state planning priorities consistent with the provisions
14 of Section 65041.1 of the Government Code and sustainable
15 communities strategies consistent with the provisions of
16 subparagraph (B) of paragraph (2) of subdivision (b) of Section
17 65080 of the Government Code.

18 (d) To the extent feasible, in implementing subdivision (a) of
19 Section 79734, the Delta Conservancy shall seek to achieve wildlife
20 conservation objectives through projects on public lands or
21 voluntary projects on private lands. Funds available pursuant to
22 subdivision (a) of Section 79734 may be used, in consultation with
23 the Department of Fish and Wildlife, for payments to landowners
24 for the creation of measurable habitat improvements or other
25 improvements to the condition of endangered or threatened species.
26 The Delta Conservancy may develop and implement a competitive
27 habitat credit exchange mechanism in order to maximize voluntary
28 landowner participation in projects that provide measurable
29 habitat or species improvements in the Delta. These funds shall
30 not be used to subsidize or decrease the mitigation obligations of
31 any party.

32 (e) In implementing subdivision (a) of Section 79734, the Delta
33 Conservancy shall coordinate, cooperate, and consult with the
34 city or county in which a grant is proposed to be expended or an
35 interest in real property is proposed to be acquired and with the
36 Delta Protection Commission. Acquisitions pursuant to subdivision
37 (a) of Section 79734 shall be from willing sellers only.

38 (f) In implementing subdivision (a) of Section 79734, the Delta
39 Conservancy shall require grantees to demonstrate how local

1 *economic impacts, including impacts related to the loss of*
2 *agricultural lands, will be mitigated.*

3 *(g) Funds provided by this division shall not be used to acquire*
4 *land via eminent domain. Funds from this division may be used to*
5 *acquire property from willing sellers.*

6 *(h) Restoration and ecosystem protection projects funded by*
7 *Section 79736 shall use the services of the California Conservation*
8 *Corps or community conservation corps whenever feasible.*

9 *(i) In implementing Section 79740, the Natural Resources*
10 *Agency shall prioritize existing obligations for state watershed*
11 *restoration investments, including, but not limited to, dam removal*
12 *and related activities on the Klamath River, San Joaquin River*
13 *restoration and restoration, of migratory bird habitat on the Salton*
14 *Sea.*

15 *79780. It is the intent of the people that the investment of public*
16 *funds pursuant to this division result in public benefits.*

17 *79782. The State Auditor shall annually conduct a*
18 *programmatic review and an audit of expenditures from the fund.*
19 *The State Auditor shall report its findings annually on or before*
20 *March 1 to the Governor and the Legislature, and shall make the*
21 *findings available to the public.*

22 *79784. Funds provided by this division shall not be used to*
23 *support or pay for the costs of environmental mitigation measures*
24 *or compliance obligations of any party except as part of the*
25 *environmental mitigation costs of projects financed by this division.*
26 *Funds provided by this division may be used for environmental*
27 *enhancements or other public benefits.*

28 *79786. Funds provided by this division shall not be expended*
29 *to pay costs associated with design, construction, operation,*
30 *maintenance, or mitigation of new Delta conveyance facilities.*

31 *79788. The Legislature may enact legislation necessary to*
32 *implement programs funded by this division.*

33 *79790. Eligible applicants under this division are public*
34 *agencies, nonprofit organizations, public utilities, and mutual*
35 *water companies. To be eligible for funding under this division, a*
36 *project proposed by a public utility that is regulated by the Public*
37 *Utilities Commission or a mutual water company shall have a*
38 *clear and definite public purpose and shall benefit the customers*
39 *of the water system.*

1 79792. (a) *This division does not diminish, impair, or*
2 *otherwise affect in any manner whatsoever any area of origin,*
3 *watershed of origin, county of origin, or any other water rights*
4 *protections, including, but not limited to, rights to water*
5 *appropriated prior to December 19, 1914, provided under the law.*
6 *This division does not limit or otherwise affect the application of*
7 *Article 1.7 (commencing with Section 1215) of Chapter 1 of Part*
8 *2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,*
9 *11462, and 11463, and Sections 12200 to 12220, inclusive.*

10 (b) *For the purposes of this division, an area that utilizes water*
11 *that has been diverted and conveyed from the Sacramento River*
12 *hydrologic region, for use outside the Sacramento River hydrologic*
13 *region or the Delta, shall not be deemed to be immediately adjacent*
14 *thereto or capable of being conveniently supplied with water*
15 *therefrom by virtue or on account of the diversion and conveyance*
16 *of that water through facilities that may be constructed for that*
17 *purpose after January 1, 2014.*

18 (c) *Nothing in this division supersedes, limits, or otherwise*
19 *modifies the applicability of Chapter 10 (commencing with Section*
20 *1700) of Part 2 of Division 2, including petitions related to any*
21 *new conveyance constructed or operated in accordance with*
22 *Chapter 2 (commencing with Section 85320) of Part 4 of Division*
23 *35.*

24 (d) *Unless otherwise expressly provided, nothing in this division*
25 *supersedes, reduces, or otherwise affects existing legal protections,*
26 *both procedural and substantive, relating to the state board's*
27 *regulation of diversion and use of water, including, but not limited*
28 *to, water right priorities, the protection provided to municipal*
29 *interests by Sections 106 and 106.5, and changes in water rights.*
30 *Nothing in this division expands or otherwise alters the state*
31 *board's existing authority to regulate the diversion and use of*
32 *water or the courts' existing concurrent jurisdiction over California*
33 *water rights.*

34 (e) *Nothing in this division limits or otherwise affects the*
35 *application of Chapter 2 (commencing with Section 85320) of Part*
36 *4 of Division 35.*

CHAPTER 8. FISCAL PROVISIONS

79820. Bonds in the total amount of five billion six hundred million dollars (\$5,600,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

79822. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except Section 16727 of the Government Code shall not apply to the extent that it is inconsistent with any other provision of this division.

79824. (a) Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) of the bonds authorized by this division, the Safe Drinking Water, Water Quality, and Flood Protection Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Water Quality, and Flood Protection Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary of the Natural Resources Agency, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Water Resources is designated the “board.”

1 79826. *The committee shall determine whether or not it is*
2 *necessary or desirable to issue bonds authorized pursuant to this*
3 *division in order to carry out the actions specified in this division*
4 *and, if so, the amount of bonds to be issued and sold. Successive*
5 *issues of bonds may be authorized and sold to carry out those*
6 *actions progressively, and it is not necessary that all of the bonds*
7 *authorized to be issued be sold at any one time.*

8 79828. *There shall be collected each year and in the same*
9 *manner and at the same time as other state revenue is collected,*
10 *in addition to the ordinary revenues of the state, a sum in an*
11 *amount required to pay the principal of, and interest on, the bonds*
12 *each year. It is the duty of all officers charged by law with any*
13 *duty in regard to the collection of the revenue to do and perform*
14 *each and every act that is necessary to collect that additional sum.*

15 79830. *Notwithstanding Section 13340 of the Government*
16 *Code, there is hereby appropriated from the General Fund in the*
17 *State Treasury, for the purposes of this division, an amount that*
18 *will equal the total of the following:*

19 (a) *The sum annually necessary to pay the principal of, and*
20 *interest on, bonds issued and sold pursuant to this division, as the*
21 *principal and interest become due and payable.*

22 (b) *The sum necessary to carry out Section 79832, appropriated*
23 *without regard to fiscal years.*

24 79832. *For the purposes of carrying out this division, the*
25 *Director of Finance may authorize the withdrawal from the*
26 *General Fund of an amount not to exceed the amount of the unsold*
27 *bonds that have been authorized by the committee to be sold for*
28 *the purpose of carrying out this division. Any amounts withdrawn*
29 *shall be deposited in the fund. Any money made available under*
30 *this section shall be returned to the General Fund from proceeds*
31 *received from the sale of bonds for the purpose of carrying out*
32 *this division.*

33 79834. *All money deposited in the fund that is derived from*
34 *premium and accrued interest on bonds sold shall be reserved in*
35 *the fund and shall be available for transfer to the General Fund*
36 *as a credit to expenditures for bond interest.*

37 79836. *Pursuant to Chapter 4 (commencing with Section*
38 *16720) of Part 3 of Division 4 of Title 2 of the Government Code,*
39 *the cost of bond issuance shall be paid out of the bond proceeds.*

1 *These costs shall be shared proportionally by each program funded*
2 *through this bond act.*

3 79838. *The Department of Water Resources may request the*
4 *Pooled Money Investment Board to make a loan from the Pooled*
5 *Money Investment Account, including other authorized forms of*
6 *interim financing that include, but are not limited to, commercial*
7 *paper, in accordance with Section 16312 of the Government Code,*
8 *for purposes of carrying out this division. The amount of the*
9 *request shall not exceed the amount of the unsold bonds that the*
10 *committee, by resolution, has authorized to be sold for the purpose*
11 *of carrying out this division. The Department of Water Resources*
12 *shall execute any documents required by the Pooled Money*
13 *Investment Board to obtain and repay the loan. Any amounts*
14 *loaned shall be deposited in the fund to be allocated by the board*
15 *in accordance with this division.*

16 79840. *The bonds may be refunded in accordance with Article*
17 *6 (commencing with Section 16780) of Chapter 4 of Part 3 of*
18 *Division 4 of Title 2 of the Government Code, which is a part of*
19 *the State General Obligation Bond Law. Approval by the voters*
20 *of the state for the issuance of the bonds described in this division*
21 *includes the approval of the issuance of any bonds issued to refund*
22 *any bonds originally issued under this division or any previously*
23 *issued refunding bonds.*

24 79842. *Notwithstanding any other provision of this division,*
25 *or of the State General Obligation Bond Law, if the Treasurer*
26 *sells bonds pursuant to this division that include a bond counsel*
27 *opinion to the effect that the interest on the bonds is excluded from*
28 *gross income for federal tax purposes, subject to designated*
29 *conditions, the Treasurer may maintain separate accounts for the*
30 *investment of bond proceeds and for the investment of earnings*
31 *on those proceeds. The Treasurer may use or direct the use of*
32 *those proceeds or earnings to pay any rebate, penalty, or other*
33 *payment required under federal law or take any other action with*
34 *respect to the investment and use of those bond proceeds required*
35 *or desirable under federal law to maintain the tax exempt status*
36 *of those bonds and to obtain any other advantage under federal*
37 *law on behalf of the funds of this state.*

38 79844. *The Legislature hereby finds and declares that,*
39 *inasmuch as the proceeds from the sale of bonds authorized by*
40 *this division are not “proceeds of taxes” as that term is used in*

1 *Article XIII B of the California Constitution, the disbursement of*
2 *these proceeds is not subject to the limitations imposed by that*
3 *article.*

4 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
5 Session of the Statutes of 2009, as amended by Section 1 of
6 Chapter 74 of the Statutes of 2012, is repealed.

7 SEC. 4. Section 2 of this act shall be submitted to the voters
8 at the November 4, 2014, statewide general election in accordance
9 with provisions of the Government Code and the Elections Code
10 governing the submission of a statewide measure to the voters.

11 SEC. 5. Section 2 of this act shall take effect upon the approval
12 by the voters of the ~~California Clean, Secure Water Supply and~~
13 ~~Delta Recovery~~ *Safe Drinking Water, Water Quality, and Flood*
14 *Protection Act* of 2014, as set forth in that section at the November
15 4, 2014, statewide general election.

16 SEC. 6. *This act is an urgency statute necessary for the*
17 *immediate preservation of the public peace, health, or safety within*
18 *the meaning of Article IV of the Constitution and shall go into*
19 *immediate effect. The facts constituting the necessity are:*

20 *In order to fund safe drinking water, water quality, and flood*
21 *protection at the earliest possible date, it is necessary that this act*
22 *take effect immediately.*